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United States Government Accountability Office  
Washington, DC 20548

April 27, 2006

The Honorable Tom Davis  
Chairman  
Committee on Government Reform  
House of Representatives

*Subject: Military Pay: Inadequate Controls for Stopping Overpayments of Hostile Fire and Hardship Duty Pay to Over 200 Sick or Injured Army National Guard and Army Reserve Soldiers Assigned to Fort Bragg*

Over the past several years, we have reported<sup>1</sup> on significant pay problems experienced by mobilized Army National Guard and Army Reserve (Army Guard and Reserve) soldiers in the wake of the September 11, 2001, terrorist attack. These reports included examples of hundreds of soldiers receiving inaccurate and untimely payroll payments due to a paper-intensive, error-prone pay process and the lack of integrated pay and personnel systems. In response to our reports, the Department of Defense (DOD) has taken some action to improve controls designed to pay Army Guard and Reserve soldiers accurately and on time, especially those who had become sick or injured in the line of duty.

This report responds to your request that we investigate the allegation that 37 Army Guard and Reserve soldiers assigned to the Medical Retention Processing Unit (MRPU) at Fort Bragg, North Carolina, were overpaid for hostile fire and hardship duty pay while in an outpatient status.<sup>2</sup> Our objectives were to determine (1) whether the allegations were true, and if so, whether the pay issues were more widespread at Fort Bragg and (2) the key causes of the overpayments and the resulting impact on soldiers and their families.

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<sup>1</sup> GAO, *Military Pay: Gaps in Pay and Benefits Create Financial Hardships for Injured Army National Guard and Reserve Soldiers*, GAO-05-125 and GAO-05-322T (Washington, D.C.: Feb. 17, 2005); *Army National Guard: Inefficient, Error-Prone Process Results in Travel Reimbursement Problems For Mobilized Soldiers*, GAO-05-79 (Washington, D.C.: Jan. 31, 2005) and GAO-05-400T (Washington, D.C.: Mar. 16, 2005); *Military Pay: Army Reserve Soldiers Mobilized to Active Duty Experienced Significant Pay Problems*, GAO-04-911 (Washington, D.C.: Aug. 20, 2004) and GAO-04-990T (Washington, D.C.: July 20, 2004); and *Military Pay: Army National Guard Personnel Mobilized to Active Duty Experienced Significant Pay Problems*, GAO-04-413T (Washington, D.C.: Jan. 28, 2004) and GAO-04-89 (Washington, D.C.: Nov. 13, 2003).

<sup>2</sup> For the purposes of this report, “outpatient” means a soldier who is being medically evaluated for specialized treatment. This may include surgery, which would require hospitalization at a later date.

## Scope and Methodology

To investigate the allegation that Army Guard and Reserve soldiers assigned to the MRPU while in an outpatient status received overpayments of hostile fire and hardship duty pay, we interviewed Fort Bragg MRPU and Finance Battalion staff and observed MRPU and finance in-processing procedures. We also used Defense Finance and Accounting Service (DFAS) data extracts from monthly pay records and Fort Bragg MRPU records containing the dates soldiers arrived at the Fort Bragg MRPU to determine whether soldiers being treated at Fort Bragg during the period April 1, 2003, through June 30, 2005, improperly received hostile fire and/or hardship duty payments while at Fort Bragg. We performed procedures to assure ourselves that the data we used were sufficient for our purposes. The scope of our investigation did not include verification of the accuracy of soldiers' entire pay accounts. In addition, our scope did not include inpatient soldiers assigned directly to the Womack Army Medical Treatment Facility (hospital) at Fort Bragg.

Because of data reliability concerns we identified in our prior work,<sup>3</sup> we did not rely on DFAS records to calculate precise overpayments of hostile fire and hardship duty pay. Instead, we estimated overpayments based on the time period starting with the date the soldier arrived at Fort Bragg until the date the soldier's improper pays were stopped.<sup>4</sup> We provided Fort Bragg Finance Battalion officials an opportunity to confirm our estimates, identify the amount of debt established for the overpaid soldiers, and determine whether the debts had been collected. We did not review Fort Bragg's debt collection processes and procedures for compliance with DOD regulations and requirements. In light of the Army's lack of progress in integrating pay and personnel systems, we reviewed controls used by the MRPU and Fort Bragg Finance Battalion staff to stop hostile fire and hardship duty pay. We conducted this investigation from August 2005, through March 2006, in accordance with quality standards for investigations as set forth by the President's Council on Integrity and Efficiency.

## Summary of Investigation

Our investigation confirmed that 28 of the 37 Army Guard and Reserve soldiers assigned to the MRPU in an outpatient status at Fort Bragg with alleged pay problems were in fact overpaid for hostile fire and hardship duty pay. We also identified at least 204 additional cases of sick or injured soldiers assigned to the MRPU who were overpaid for the same entitlements. An estimated \$218,000 in hostile fire and/or hardship duty overpayments were made to a total of about 232 Army Guard and

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<sup>3</sup> GAO, *Global War on Terrorism: DOD Needs to Improve the Reliability of Cost Data and Provide Additional Guidance to Control Cost*, GAO-05-882 (Washington, D.C.: Sept. 21, 2005); GAO-04-89; and GAO-04-911.

<sup>4</sup> We did not estimate overpayment amounts for hostile fire and hardship duty pay prior to the soldier's arrival to Fort Bragg.

Reserve soldiers in an outpatient status at Fort Bragg during the period April 2003 through June 2005.<sup>5</sup>

As we have previously reported,<sup>6</sup> internal control weaknesses in Army processes, human capital, and the lack of integrated systems caused the overpayments of hostile fire and hardship duty pay. Our investigation disclosed that the Fort Bragg Finance Battalion and MRPU controls often failed to detect the overpayments in a timely manner. A Fort Bragg Finance official acknowledged that the Finance Battalion “dropped the ball” by failing to promptly detect and stop the overpayments to sick or injured Army Guard and Reserve soldiers upon their arrival to the Fort Bragg MRPU. Further, in October 2005, DFAS completed an annual performance inspection of the Fort Bragg Finance Battalion that confirmed our conclusion about the problems soldiers were having with hostile fire and hardship duty pay.

Our case studies showed that as a result of these overpayments, some soldiers and their families had to expend significant time and effort dealing with pay and resulting debt problems while recovering from their injuries. Several soldiers experienced large, unexpected deductions—as much as \$1,172 from a single paycheck—for repaying the debt resulting from the Army’s failure to stop the overpayments. On the other hand, the Fort Bragg Finance Battalion did not consistently take action to recover overpayments from other MRPU soldiers during the time of our investigation.

## **Background**

The MRPU at Fort Bragg is one of 23 MRPUs located throughout the United States. Soldiers are assigned to these units while receiving outpatient treatment for their illnesses or injuries under the Medical Retention Program. The objective of the Medical Retention Program is to heal injured soldiers and return them to their units or to discharge them from the Army Guard or Reserve if they are unable to perform their military duties. The Medical Retention Program is an option for mobilized National Guard and Reserve soldiers who become sick or injured. Soldiers who are injured or become ill during predeployment training or other predeployment activities can also apply for treatment through the Medical Retention Program.

Before being injured, soldiers serving in certain locations were entitled to several types of special duty pay, including hostile fire pay and hardship duty pay. Soldiers are entitled to hostile fire pay when a commander certifies that they are subject to hostile fire or explosions of hostile mines; on duty in an area in close proximity to hostile fire incidents; or are killed, injured, or wounded by hostile fire, explosions, or

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<sup>5</sup> As a result of the lack of supporting documents and data reliability concerns, we likely did not identify precise overpayment amounts. We have provided information for the overpayments we identified to cognizant Fort Bragg officials for further research to determine the proper amounts that are owed to the government or the soldier.

<sup>6</sup> See footnote 1.

other hostile actions.<sup>7</sup> Hostile fire pay is \$225 a month while the above circumstances prevail. Any soldier injured under the above circumstances is entitled to hostile fire pay for up to 3 months' of hospitalization after the month in which the injury occurred, unless the soldier is discharged sooner and does not return to a designated hostile fire or hardship duty location.

Soldiers serving in designated areas are also entitled to hardship duty pay. This entitlement stops, however, as soon as the soldier leaves the designated area, whether or not the soldier is hospitalized for injuries that occurred there. The maximum amount of hardship duty pay for any designated area is \$150 a month as long as the soldier serves in that area. If a soldier leaves the duty location before the end of the month, the hardship duty pay is prorated.

Soldiers assigned to the Fort Bragg MRPU in an outpatient status were not entitled to either hostile fire pay or hardship duty pay because Fort Bragg, North Carolina, is not a designated location for these pay entitlements. Additionally, soldiers who were assigned to the MRPU during their predeployment phase were never entitled to hostile fire pay or hardship duty pay. Finally, MRPU outpatient soldiers whose medical evaluations indicated a need for future hospitalization were not entitled to receive hostile fire pay or hardship duty pay for subsequent hospital stays.

It should be noted that our previous reports demonstrate that finance offices in theater were often unable to start or stop hostile fire pay or hardship duty pay as required because of problems with human capital, processes, and lack of integrated pay and personnel systems. Accordingly, installations processing soldiers from in theater have a responsibility to confirm that the soldiers' pay is accurate and to adequately inform soldiers about their responsibilities regarding their military pay. For example, soldiers are responsible for reviewing their leave and earnings statements and for prompt and accurate reporting of changes in their personal circumstances that affect their entitlement pay to their commander and servicing finance office.

### **Allegation Regarding Overpayments of Hostile Fire and Hardship Duty Pay Was Confirmed**

The allegation that some Army Guard and Reserve outpatients assigned to the Fort Bragg MRPU were receiving hostile fire and hardship duty pay they were not entitled to receive was true, and these were not isolated instances of overpayments. We found that 28 of the 37 soldiers with alleged pay problems were overpaid an estimated \$32,000 for hostile fire and/or hardship duty pay. We selected 10 of these 28 soldiers for our case studies during this investigation. Nine told us that they had

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<sup>7</sup> Additionally, soldiers in certain designated locations face what has been determined to be imminent danger and are therefore entitled to imminent danger pay. Notably, soldiers are entitled to either hostile fire pay or imminent danger pay but not both. We mention the imminent danger pay for background information only because the paperwork that we reviewed for the soldiers in the MRPU at Fort Bragg only mentions hostile fire pay.

contacted the Fort Bragg Finance Battalion in an attempt to stop the overpayments in order to avoid escalating debt accumulation.

Our investigation also disclosed that the Fort Bragg Finance Battalion failed to timely detect and stop hostile fire and hardship duty pay for at least 204 additional outpatient soldiers. Fort Bragg Finance Battalion's delays resulted in overpayments of about \$218,000 for 232 sick or injured Army Guard and Reserve soldiers in the MRPU. To the extent that some of these payments should have been stopped before the soldiers arrived at Fort Bragg, the total overpayments may have been higher. MRPU records showed that these 232 soldiers arrived at the Fort Bragg MRPU over a 3-year period: 23 soldiers from April 2003 through December 2003, 187 soldiers in calendar year 2004, and 22 soldiers from January 2005 through June 2005.

The Fort Bragg MRPU classified the 232 outpatient soldiers whom we identified as receiving overpayments of hostile fire and hardship duty pay while in an outpatient status as follows:<sup>8</sup>

- 161 soldiers were medically evacuated out of theater generally before their active duty assignment period was completed and were assigned to the MRPU,
- 31 soldiers were found to need medical evaluation during the demobilization process at Fort Bragg and were assigned to the MRPU,
- 19 soldiers were found to need medical evaluation during predeployment training or other activities and were assigned to the MRPU, and
- 21 soldiers were not classified into a specific category.

For 9 of the 10 MRPU soldiers in our case studies, it took pay technicians at the Fort Bragg Finance Battalion from 14 to 203 days to stop the overpayments once the MRPU soldier visited the Finance Battalion. We could not determine the amount of time it took the pay technician to stop overpayments for one of our case studies because there was no documentation supporting the date he visited the Finance Battalion. Due to such delays, overpayment amounts ranged from \$553 to \$2,300. Two of the 10 soldiers never deployed and therefore should have never received any hostile fire and hardship duty pay. The following case study illustrates one of these.

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<sup>8</sup> These categories are provided in this report for context only. We did not verify the classifications for accuracy.

***Individual Case Illustration: Soldier Who Never Deployed Received Improper Payments of Hostile Fire and Hardship Duty Pay***

An Army National Guard soldier from Maryland who was initially mobilized with her unit for Operation Iraqi Freedom never made it overseas because she was diagnosed with anxiety and depression during her predeployment training. She arrived at the Fort Bragg MRPU on October 5, 2004, and visited the Fort Bragg Finance Battalion on October 13, 2004. She explained to us that, during her time at Fort Bragg, she told Finance that she was receiving improper hostile fire pay and hardship duty pay since she never deployed and was therefore ineligible to receive these entitlements. According to the soldier, the finance office told her that the improper payments would be collected from her later paychecks. Her hostile fire and hardship duty pay continued until March 10, 2005, 5 months after her initial visit to the Fort Bragg Finance Battalion. By this time, her improper hostile fire and hardship duty payments had grown to about \$1,823, of which \$986 was collected from her paychecks as of November 2005.

According to MRPU records, 17 other soldiers whom we identified as having received hostile fire and hardship duty payments while at the MRPU also never deployed because of injuries being treated during the predeployment period for their unit. Figure 1 below shows delays for each of the 10 case study soldiers.

**Figure 1: Length of Time Fort Bragg Finance Battalion Took to Stop 10 Soldiers' Hostile Fire and Hardship Duty Pay and the Resulting Overpayments (as of June 30, 2005)**

Soldier	Home state	MRPU arrival date	Finance visit	Stop pay transaction date	Days elapsed before appropriate pay change <sup>a</sup>	Estimated total overpayments <sup>b</sup>
 <b>1. Sergeant</b> Injured in Iraq from vehicle accident with an IED crater	North Carolina 	6/14/04	6/14/04	1/3/05	203	\$2,050
 <b>2. Specialist</b> Knee injury and undiagnosed broken leg	Alabama 	7/9/04	7/15/04	11/5/04	113	\$1,075
 <b>3. Sergeant First Class</b> Diagnosed with depression in Iraq, sent to Ft. Bragg, back to Iraq	North Carolina 	7/1/04	7/18/04	11/3/04	108	\$1,300
 <b>4. Specialist</b> Remained at Ft. Bragg, unit was deployed to Iraq	Maryland 	7/12/04	7/23/04	12/14/04	144	\$848
 <b>5. Sergeant</b> IED injuries to arm while in Iraq, hospitalized at Walter Reed	North Carolina 	6/29/04	7/26/04	12/23/04	150	\$2,000
 <b>6. Staff Sergeant</b> Medevac Landstuhl, hospitalized at Fort Bragg, stroke	North Carolina 	7/6/04	7/30/04	11/5/04	96	\$1,300
 <b>7. Specialist</b> Kidney disease in Iraq, hospitalized at Landstuhl, Walter Reed, Ft. Bragg	North Carolina 	9/13/04	9/15/04	12/8/04	82	\$1,025
 <b>8. Specialist</b> Diagnosed with depression and anxiety, and never deployed	Maryland 	10/5/04	10/13/04	3/10/05	148	\$1,823
 <b>9. Lieutenant Colonel</b> Experienced heart trouble in Iraq	California 	11/2/04	11/4/04	11/18/04	14	\$553
 <b>10. Lieutenant Colonel</b> Contracted legionnaire's disease in Africa	Florida 	3/8/04	Unknown	9/2/04	Unknown	\$2,300

Source: GAO.

<sup>a</sup> Days elapsed = Number of days between date soldier visited Finance and date ineligible pay was stopped.

<sup>b</sup> Estimated overpayments = Hostile fire and hardship duty payments made to soldier after arrival at Fort Bragg MRPU.

### Internal Control Weaknesses Hamper Accuracy of Army Guard and Reserve Soldiers' Pay

Fort Bragg did not have well-defined processes for ensuring that MRPU soldiers' pay was accurate. While MRPU soldiers were provided a checklist for in-processing at Fort Bragg that was intended to channel them to the Finance Battalion<sup>9</sup> to validate

<sup>9</sup> The Fort Bragg Finance Battalion was one of nine locations the sick and injured soldiers had to personally visit in order to complete in-processing to the MRPU. The soldiers' injuries ranged from

pay, neither that checklist nor the Battalion's desk procedures offered adequate specificity regarding what was expected of the finance staff. Furthermore, according to an MRPU administrative staff member, some MRPU soldiers may not have gone to the Finance Battalion because they did not return completed checklists initialed by a pay technician to the MRPU as required to document their visit to the Finance Battalion.

We interviewed the Finance Battalion officials and observed their processes. There was a requirement for pay technicians to review pay accounts of the MRPU soldiers for accuracy, including the identification of overpayments of hostile fire and hardship duty pay, and stop these unearned payments expeditiously. Pay technicians were also required to initial the in-processing checklist to signify that the MRPU soldier's pay account was reviewed. Stopping hostile fire and hardship duty pay entailed entering the correct pay termination date and transaction codes for each of these pay entitlements into the Defense MilPay Office system, which would routinely be used by DFAS to correct soldiers' pay accounts in the Defense Joint Military Pay System-Reserve Component (DJMS-RC). However, as shown in figure 1 above, pay problems continued for soldiers who had their in-processing checklist initialed by a pay technician.

For example, although the finance technician signed off on one MRPU soldier's checklist on July 26, 2004, this soldier's hostile fire and hardship duty pay continued until December 23, 2004, about 5 months after he made his initial visit to finance, and his hostile fire and hardship duty overpayments grew to \$2,000. A Fort Bragg Finance official acknowledged that the Finance Battalion did not promptly detect and stop the overpayments to injured Army Guard and Reserve soldiers upon their arrival to the Fort Bragg MRPU.

Our investigation also disclosed that there was no routine follow-up to assure that all MRPU soldiers reported to the Fort Bragg Finance Battalion as directed. For example, when we asked an MRPU clerk to provide copies of completed in-processing checklists for the 37 soldiers alleged to have been overpaid, the clerk only provided 20 completed checklists. The MRPU clerk told us that soldiers did not always return the completed checklists to the MRPU administrative staff. Without a personal visit by the MRPU soldier to the Finance Battalion, pay technicians were provided no other routine means to initiate a review of the pay accounts of soldiers arriving at the Fort Bragg MRPU.

Although the Army issued revised procedures that included the handling of sick and injured soldiers' pay accounts by finance personnel on June 1, 2004, the Fort Bragg Finance Battalion and MRPU continued to operate under their own procedures, which emphasized the individual soldier's responsibility regarding pay accuracy and personal visits to the Finance Battalion. In contrast, the Army's revised procedures emphasize finance staff responsibility to proactively work with the MRPU to obtain

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those inflicted by improvised explosive devices (IED) to post-traumatic stress disorder. Soldiers with limited mobility were assigned a "buddy" to assist them in getting around post to complete their in-processing.

information on all incoming soldiers that is to be used to ensure that all MRPU soldiers' pay accounts are timely and appropriately updated as well as accurate. This is important to note because between June 2004 and June 2005, 146 of the 232 soldiers, the majority of soldiers included in our investigation, arrived at Fort Bragg for medical evaluation and treatment. Had the Fort Bragg Finance Battalion followed Army guidance when the Army's revised procedures were instituted in June 2004, the Finance Battalion may have identified overpayments of unearned entitlements more quickly for these sick or injured soldiers.

**Army's Failure to Stop Hostile Fire and Hardship Duty Pay Exeditiously Resulted in Significant Time and Effort Spent Addressing Debts**

The Army's failure to stop hostile fire and hardship duty pay expeditiously for Army Guard and Reserve soldiers resulted in significant time and effort spent addressing debts<sup>10</sup> for some soldiers and their families. For example, some soldiers whose overpayments were detected and established as a debt experienced large, unexpected deductions--as much as \$1,172 from a single paycheck--to repay the debt resulting from the Army's failure to stop the overpayments.

Our investigation did not include work to determine whether the Fort Bragg Finance Battalion complied with DOD policies and procedures for collecting overpayments from soldiers or whether these policies were reasonable under the circumstances. However, we noted that the longer it took the Fort Bragg Finance Battalion to stop the overpayments, the greater the amount of debt that accumulated for the soldier and the greater the financial impact since more money was eventually withheld from the soldier's pay. Our past work clearly showed the ramifications of protracted payment errors. Establishing the exact amount owed and collecting overpayments of active duty pays and allowances erroneously provided to soldiers imposes a large administrative burden on DOD and a financial burden on the soldier.

Even when overpayments of hostile fire and hardship duty pay were stopped by the Fort Bragg Finance Battalion, it sometimes did not establish debts and collect the overpayments from the soldier's pay in a timely manner. For example, 2 of the 10 soldiers in our case studies described in figure 1 did not have any pay deductions for overpayments of hostile fire and hardship duty pay as of June 30, 2005, 6 months after these overpayments were stopped.

We referred the names of the 232 soldiers, including the 10 soldiers in our case studies, for which we estimated hostile fire and/or hardship duty overpayments to the Fort Bragg Finance Battalion for follow-up to determine whether correct amounts were established as debts and appropriate debt collection measures were taken. The

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<sup>10</sup> Collection of overpayments is not pursued until a debt is established. To repay debts, the amount of the debt generally is deducted from a soldier's pay in increments until the total debt is repaid, unless a waiver is granted.

Fort Bragg Finance Battalion had not completed its review at the time our investigation was completed.

The following case studies show the experiences of three MRPU soldiers with hostile fire and hardship duty overpayments.

***Case Illustration 1: Errors Made in One Soldier's Pay Created Financial Hardship for The Soldier's Family***

An Army Guard National soldier from North Carolina described his experience as follows: "In September 2003, my National Guard Unit received orders to report for duty in support of Operation Iraqi Freedom. Our federal orders were issued 10/1/03. We began training at Ft. Bragg in preparation for our deployment. The majority of soldiers were deployed in mid-February. I was deployed in March. After arriving in Iraq, I was injured when my vehicle hit a crater caused by an IED. I was airlifted to the hospital in Baghdad for treatment. I was returned to my unit for continued duty. My leg began to swell and it was determined that I should be returned home for treatment. I was medically evacuated out of Iraq in late May.

"When I reached Germany, I scanned my ID through finance. When I reached Walter Reed Army Hospital, I scanned my ID card through finance. When I reached Ft. Bragg, I scanned my ID card through finance on several occasions. I continued to receive hazardous duty and hostile fire pay through 12/04.

"When I was released from active duty in May 2005, I was processed out through Ft. Bragg finance. A clerical error was made and my start date for active duty was entered as 10/04. This created a debt of 1 years pay owed by me to the government. In the process of correcting this error, it was determined that I was paid hostile fire and hazardous duty in error. I am not convinced that my pay is correct now.

"I attended drill twice in May and once in June. I did not receive drill pay. Monies were held to pay this debt. A debt remission package was finally submitted as the repayment of these funds would cause undo hardship to my family. While this error was being 'corrected', we used all of our accumulated savings to cover our normal bills. Since I did my part by swiping my card through finance on numerous occasions, I do not feel obligated to repay these funds."

***Case Illustration 2: Pay Deductions Result in Family's Delay of Bill Payments***

An Army National Guard soldier from North Carolina suffered a stroke on June 26, 2004, while serving in Iraq in support of Operation Iraqi Freedom. He was flown to Germany and treated at the Landstuhl Regional Medical Center before returning to the United States. He arrived at Fort Bragg in early July 2004. Our investigation revealed that the soldier visited the Fort Bragg Finance Battalion on July 30, 2004, as part of his in-processing into the unit, and had his checklist signed by the finance technician. The soldier returned his completed checklist to the MRPU.

Despite adhering to the MRPU's in-processing procedures, this soldier's hostile fire and hardship duty pay continued until November 5, 2004, approximately 4 months after he made his initial visit to the Fort Bragg Finance Battalion. By this time, his hostile fire and hardship duty pay overpayments had grown to \$1,300. The Fort Bragg Finance Battalion eventually collected about \$972 of this total from the soldier in a single paycheck, which was about 50 percent of his disposable pay. The collections had a negative financial impact on the soldier and his wife. The soldier's wife told us that she had to call and defer some of their bills, including the monthly payment on their second mortgage. According to information provided by the Finance Battalion to us on January 7, 2006, the soldier still owes about \$100.

***Case Illustration 3: Soldier Frustrated by Efforts to Get His Pay Corrected***

An Army Reservist from California serving in Iraq in February 2004 in support of Operation Iraqi Freedom experienced cardiovascular problems while on duty in Baghdad. In October 2004 he was sent to Kuwait and then later stateside for demobilization and assignment to the Fort Bragg MRPU in November 2004.

Shortly after his arrival at Fort Bragg, he noticed that his Leave and Earnings Statement showed that he was still receiving hostile fire pay and hardship duty pay. He brought this error to the attention of a finance technician who said that his account would be corrected, and the combat entitlements would stop. He had accumulated overpayments for hostile fire pay and hardship duty pay totaling \$553. According to the Fort Bragg Finance Battalion, as of January 9, 2006, \$328 of the \$553 in overpayments for hostile fire pay and hardship duty pay had not been deducted from the soldier's pay.

In addition to overpayments of hostile fire and hardship duty pay, this soldier told us that he also experienced overpayments of basic pay and benefits after he was released from the MRPU in July 2005 to return to his home unit in California. He then noticed on his July 2005 leave and earnings statement that he was continuing to receive basic pay as if he was still on active duty status while assigned to the MRPU. These basic pay overpayments continued for an additional pay period after the soldier made repeated calls to Fort Bragg to correct his pay account. By September 9, the Army corrected the problem by deducting about \$7,600 from other earned pay. He had participated in a 4-week training exercise in Korea in August 2005 and had 33 days of accrued leave which the Army used to offset previous overpayments of basic pay and benefits. Had he not participated in the training exercise, it would have taken many monthly pays for weekend drills for him to be able to repay the \$7,600.

We spoke with Army and DFAS officials in December 2005 and January 2006 about our observations at the Fort Bragg Finance Battalion and Fort Bragg MRPU. They told us that they were not surprised that we found pay account review deficiencies at Fort Bragg and that it was troubling that the proactive approach to pay management advocated by the Army in 2004 had not been instituted at Fort Bragg until we were completing our investigation. To help improve the skills of the finance staff at Fort Bragg, DFAS provided on-site training in late September 2005 as part of their efforts to improve pay account management for soldiers wounded in action. We were also told that the pay account management capabilities of finance offices at other installations varied and that they were taking steps to improve performance where needed.

### **Corrective Action Briefing**

On December 22, 2005, we discussed the results of our investigation with the Fort Bragg Finance Battalion command. The command pointed out that problems with ensuring timely termination of hostile fire pay and hardship duty pay are due in part to the medical evacuation process, and the existence of stove-piped pay and personnel systems that increase the likelihood of inaccurate pay accounts. They said that at least some of these pay problems should have been rectified before the soldier was assigned to Fort Bragg.

The Battalion Commander stated that our identification of the 232 pay accounts<sup>11</sup> provided his staff with a good snapshot of pay issues that MRPU soldiers were experiencing. The commander noted that since his battalion is responsible for ensuring the accuracy of the pay accounts for all soldiers who arrive at Fort Bragg, our investigation also provides his staff with an opportunity to improve their services to Army Guard and Reserve soldiers.

The Fort Bragg Finance Battalion officials informed us that they are implementing the following corrective actions to provide reasonable assurance that overpayments for hostile fire pay and hardship duty pay do not affect future soldiers assigned to the MRPU at Fort Bragg:

- Coordinating with MRPU personnel staff to obtain regular updated lists of new arrivals to the MRPU to review those pay accounts in order to confirm that hostile fire pay and hardship duty pay entitlements are stopped in a timely manner.
- Coordinating with the MRPU personnel staff to identify MRPU soldiers who are unable to visit Finance due to their medical conditions and ensuring that

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<sup>11</sup> We referred 259 MRPU soldiers' pay accounts to the Finance Battalion in September 2005 for review. On December 22, 2005, Finance Battalion officials informed us that additional factors such as deployment from MRPU may have subsequently entitled some of the soldiers to hostile fire and/or hardship duty pay. We adjusted our estimated number of cases from 259 to 232 taking into account at least 27 instances where the MRPU data summary file noted that the MRPU soldier deployed subsequent to arrival at the Fort Bragg MRPU and as such, may have been entitled to some amount of hostile fire and/or hardship duty pay. The remaining 232 cases are those where we did not see any indication in the MRPU summary file that the MRPU soldier deployed.

Finance schedules personal visits with these sick or injured soldiers to individually review these soldiers' pay accounts.

- Regularly distributing Leave and Earnings Statement reports to the MRPU Commander in order to assist in the identification of MRPU soldiers who typically would not be receiving hostile fire pay and hardship duty pay.
- Regularly distributing Unit Commander's Financial Reports to the MRPU Commander to assist him in reviewing the accuracy of his soldiers' pay.
- Periodically briefing Fort Bragg units concerning combat pay entitlements.
- Adhering to a December 2005 revision of Fort Bragg's Finance Standard Operating Procedures that clarify how to review the pay accounts of MRPU soldiers to detect and stop hostile fire pay and hardship duty overpayments.

In subsequent correspondence to us on January 6, 2006, the MRPU Commander informed us that the in-processing checklist will no longer be used as a tool to alert the Finance Battalion to stop any hostile fire and hardship duty pay to MRPU soldiers in a timely manner. Instead, beginning January 9, 2006, MRPU officials were to coordinate with the Fort Bragg Finance Battalion weekly to assure that newly arriving soldiers' pay accounts are correct based on the agreed-upon corrective actions listed above.

### **Conclusions**

Fort Bragg did not carry out its responsibilities to ensure that the Army Guard and Army Reserve soldiers assigned to the Fort Bragg MRPU received accurate pay. Given the number of ongoing pay problems experienced by these soldiers—problems that our investigation revealed extended far beyond the initial allegation—and the systemwide pay problems we have reported on in the past, it is conceivable that many other soldiers assigned to the other 22 MRPU locations may be experiencing the same pay problems. While soldiers have some responsibility to assist in correcting pay errors, including setting aside amounts not earned, the primary responsibility rests with DOD for timely pay adjustments to avoid the types of problems and hardships surfaced by this investigation.

### **Recommendations for Executive Action**

In conjunction with the Army's proactive efforts to improve Army Guard and Reserve pay account management, we recommend that the Secretary of the Army, in conjunction with the Under Secretary of Defense (Comptroller) and the Under Secretary of Defense (Personnel and Readiness), follow up with finance offices supporting the other 22 MRPU locations that were not part of our investigation to determine the extent to which hostile fire and hardship duty overpayments to outpatient Army Guard and Reserve soldiers had occurred and ensure that appropriate corrective action is taken. This review should include the pay accounts for outpatient soldiers who had been or are currently assigned to MRPU units, including those soldiers with nonbattle injuries and other illness.

## Agency Comments and Our Evaluation

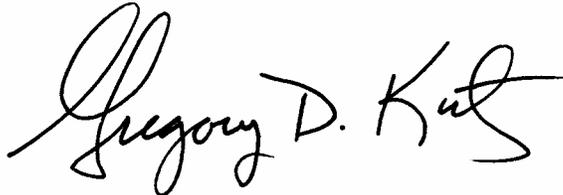
DOD officials, in oral comments, partially concurred with our recommendation to review the pay accounts for outpatient MRPU soldiers. For example, DOD agreed to review the pay accounts for soldiers who are currently assigned to MRPU units, including those soldiers with nonbattle injuries and other illness, and take corrective action when required. In addition, DOD said it plans to review the pay accounts of all soldiers who received medical treatment in theater for serious injuries or illnesses since October 2001, which it expects will include a significant percentage of soldiers who were assigned to MRPU units after receiving initial treatment in theater. However, because the scope of our investigation did not include verification of the number of soldiers medically treated in theater, the comprehensiveness of DOD's planned corrective actions is uncertain.

DOD's planned reviews of sick and wounded soldiers' pay accounts are a step in the right direction. Our investigation at Fort Bragg though included a number of former MRPU soldiers who did not receive medical treatment in theater for serious injuries or illnesses or who never deployed and yet received overpayments of hostile fire and hardship duty pay. This is a potential population of soldiers who need to be covered as well when DOD reviews pay at other MRPU units.

We are sending copies of this report to appropriate congressional committees and the Secretary of Defense. We will make copies available to others upon request. In addition, the report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

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Sincerely yours,

A handwritten signature in black ink that reads "Gregory D. Kutz". The signature is written in a cursive, flowing style.

Gregory D. Kutz  
Managing Director  
Forensic Audits and Special Investigations

Enclosure

Enclosure I

**GAO Contact and Staff Acknowledgments**

**GAO Contact**

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